GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1077
ANSWERED ON:22.07.2016
Easing of Non Plan Expenditure
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has eased to sanction non-plan expenditure proposals of upto Rs.500 crore as against the earlier limit of Rs.150 crore by the Minister in charge of the Ministry or Department; and

(b) if so, the details thereof and the reasons therefor?

Answer

THE MINSTER OF STATE IN MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) Yes.

(b) Government of India has vide office memorandum No 1(5)/2016-E.II(A) dated 27.5.2016 revised the financial limits for appraisal and approval of Non-Plan Schemes/Projects by competent authorities. A Department of the Central Government with the Integrated Finance Scheme, may exercise power to sanction Non-Plan expenditure on schemes in the manner mentioned below subject to the condition that (i) No Non-Plan post will be created and (ii)No autonomous institution will be set-up. The powers will continue to be governed by procedural and other instructions issued by Government from time to time, e.g. General Economy Instructions:

Financial limits of Non-Plan Scheme *	Appraisal Forum	Competent Authority to approve the scheme/ project
a) Upto Rs. 75 crore	Ministry/Department	Secretary of Administrative Ministry/Department concerned in the normal course
(b) Beyond Rs. 75 crore but less than Rs. 300 crore	Committee of the Ministry/Department concerned under the chairmanship of Secretary with Financial Advisor and JS/Director of the concerned Division as members.	Administrative Ministry/Department
c) Rs. 300 crore and above but less than Rs. 500 crore	CNE	Minister-in-charge of Ministry/Department
(d) Rs. 500 crore and above but less than Rs. 1000 crore	CNE	Minister-in-charge of Ministry/Department and Minister of Finance
(e) Rs. 1000 crore and above	CNE	Cabinet/CCEA
(f) Proposals for new autonomous organisations irrespective of outlay.	CNE	Cabinet/CCEA

The revised delegation of powers for appraisal and approval of Revised Cost Estimates (RCE) is as follows:

S. No.	Limit	Appraisal and Approval Forum
A	Increase in costs due to increase in statutory levies**, exchange rate variation, and escalation envisaged the Admn. Minister-in-charge if absolute cost escalation is above this. within the original approved time cycle, irrespective of the cost of the scheme/ project.	No appraisal. Approval by Secretary of the Admn. Deptt. if absolute cost escalation is up to Rs. 75 crore, and by

** Statutory levies include State/Central taxes, including import and export duties as notified by GoI and paid by the project authorities, but exclude water, electricity charges and POL price increases.

B. Increase in cost estimates due to reasons such as time over-run, change in scope, under-estimation, etc. (excluding cost escalation for reasons cited in A above):

1.	Increase in costs up to 20% of the firmed up*** cost estimates	Appraisal by the Financial Adviser. Approval by Secretary of the Admn. Dept. if absolute cost escalation is up to Rs.75 crore, and by the Admn. Minister-in-charge if absolute cost escalation is above this.
2.	Increase in costs beyond 20% of the firmed up *** cost estimates or substantial alteration in the scope	Fresh Appraisal and Approval by the Competent Authority as per the extant delegation of powers.

*** Firmed up cost estimates means a cost estimate which has gone through the full appraisal and approval process as per the extant delegation of powers.

The decision was taken with a view to expedite the decision making process of the Government of India. The revision was also required to harmonize the delegations of non-plan financial powers with the delegated powers under plan schemes.
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